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## Intelligence Research Report

IRR-2 - July 25, 1990

# China: Looking In and Looking Out (U)

### Overview

Last year's repression at Tiananmen Square has sharply altered the way China and the world look at each other. The world's view was reset by the graphic images broadcast from Beijing on June 3-4, 1989. Pressed to provide "instant analysis," media and academic commentators came up with interpretations which became conventional wisdom. New information—and further reflection—facilitate a reevaluation of the oversimplifications and half-truths generated by interests ranging from Chinese Government propagandists to antiregime partisans. (C)

The first part of this report provides alternative explanations to last year's conventional wisdom on the nature of the "prodemocracy movement" and the depth of its challenge to the Communist regime; on leadership dynamics among Deng Xiaoping, Zhao Ziyang, "retired" party elders, and the People's Liberation Army; and on the extent to which domestic Chinese intellectual and party reform groups "conspired" with "hostile forces" inside and outside China. (S/NF)

The view of the outside world held by China's post-Tiananmen leadership also has changed markedly in the past year, as analyzed in the second part of this report. Beijing is only now realizing the enormous impact of last year's domestic turmoil on China's formerly good reputation. Improved US-Soviet relations—along with images of Tiananmen—have deprived China of its pivotal strategic role as a balance between the US and the USSR, and new investment opportunities in Eastern Europe and elsewhere have deprived it of its cachet as a leading economic reformer in the socialist world. (S)

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## Tiananmen Square—Unanswered Questions

Information that has come to light since the bloody end to the Beijing demonstrations of April-June 1989 has provided a better understanding of what happened and why. Clearer understanding has been obscured, however, by half-truths and unchallenged assumptions fostered by Chinese propagandists, Western media, and antiregime partisans. Among the more difficult questions are:

- the nature of the popular movement and the depth of its challenge to the Communist system;
- leadership dynamics, especially between Deng Xiaoping and party chief Zhao Ziyang;
- the role of the People's Liberation Army;
- the role of "retired" party elders; and
- the extent to which domestic Chinese intellectual and party reform groups "colluded" with "hostile forces" outside China. (S/NF)

### The "Prodemocracy Movement"

The widespread expression of political opinion between April 15 and June 4 was only in the loosest sense a "movement." Protesters were articulating common themes—for example, opposition to corruption and desire for a freer press—and responding to deep-seated frustration. But they generally lacked organization, leadership, and agreed goals.

Most of those who took to the streets—including the hundreds of thousands of bystanders—saw themselves as falling within the traditional Chinese pattern of remonstrating with established authority and calling for change within the existing system. Few understood or sought "democracy" beyond liberalizing the one-party Communist system, reducing abuses, allowing freer discussion of political ideas, and permitting a more objective press.

The demonstrations were also, in part, traditional in motivation: Many saw in Hu Yaobang's death on April 15 the impending passing of the "mandate of heaven" to a new generation of leaders and wanted to help shape the future. Some students and intellectuals wanted to assure that reforms, already under attack, would not be swept out after Deng's death. Others apparently sought to affect the outcome of the leadership struggle—to regain ground lost to conservatives since mid-1988.

More narrowly, some officials and intellectuals hoped to pressure the leadership to reverse old "erroneous" decisions—including the official verdict on the 1957 "anti-rightist" and 1978 "democracy wall" movements—believing that reversing those decisions would become more difficult after Deng and others who had made them were dead. (S/NF)

### Leadership Dynamics

Despite a deluge of "inside" accounts in the Hong Kong press and more authoritative versions of high-level politicking, major questions remain about the leadership interactions that led to Zhao Ziyang's fall and the decision to use force against demonstrators. Most significantly, Deng's role in key events remains unclear.

**Deng and Zhao.** For example, why did Deng and Zhao irrevocably part company? One school of thought argues that Zhao began to lose Deng's confidence because of Zhao's effort to overturn the April 26 *People's Daily* editorial that claimed the protests were the result of a "planned conspiracy." Deng's support was further eroded as a result of Zhao's unauthorized remarks on May 4, to foreign participants in an Asian Development Bank meeting, which suggested disagreement within the leadership. Zhao's fate was sealed either when he revealed publicly to Soviet President Gorbachev on May 16 that the Central Committee had decided secretly in 1987 to

retain Deng as "helmsman," even after his retirement from the Politburo, or when he refused to attend the May 19 meeting that announced martial law.

Deng, however, may have begun to have serious doubts about Zhao as early as mid-1987, when Zhao forced early closure of the campaign against "bourgeois liberalization." Tensions between Deng and Zhao arguably had been building since spring 1988 when Deng ordered a more rapid pace toward price reform, setting in train a wave of panic buying and high inflation that undermined Zhao's authority over economic policymaking. The subsequent erosion of his position may have forced Zhao increasingly to take positions that put him at odds with Deng.

**Deng and the protests.** Deng's level of knowledge and activity between April 15 and June 4 remains obscure. Some accounts suggest that Deng was isolated, possibly intermittently ill or partially incapacitated, and almost totally reliant for information on President Yang Shangkun and Premier Li Peng. According to these versions, even Zhao could not get past Yang and Li to take his case to Deng. Moreover, the briefing material prepared for Deng reportedly was dominated by hardliners Li Ximing and Chen Xitong, Beijing's municipal party chief and mayor, respectively.

Other accounts, however, suggest that Deng was both more active and better informed. Rumors circulated that he had spent some time inside the official buildings surrounding Tiananmen Square, observing the demonstrations. In any event, Deng attended Hu's April 22 funeral at the Great Hall of the People, thereby almost certainly observing the size and tenor of the protests.

A politician as canny as Deng is unlikely to have become the virtual prisoner of his colleagues. Over a long and controversy-filled career, Deng no doubt developed personal sources of information about developments outside the leadership compound at Zhongnanhai. His children surely provided him with news and views. Finally, conflicting accounts of Deng's role in the decision to call in the military suggest he was neither inactive nor entirely incapacitated, and certainly not a pawn of Yang and Li. In the final analysis, Deng must have had access to a variety of data and viewpoints, but heeded only those that served his self-perceived interests or agreed with his biases.

**Deng and the Army.** Deng's role in the decision to use the Army to suppress the protests remains one of the most obscure aspects of the Beijing Spring. For example, he was widely reported during May and June to have traveled to Wuhan at least once—and possibly also to Qingdao and elsewhere—to jawbone PLA commanders and assure their loyalty, activities hardly compatible with the scenario of his being inactive and isolated. Subsequent information, however, casts doubt on whether he in fact traveled anywhere outside the immediate environs of Beijing.

How hard Deng had to lobby to obtain the compliance of key commanders also remains unknown. Stories have circulated about commanders who refused orders, checked into hospital to avoid compliance, or otherwise signaled dissatisfaction. Only a few commanders at or above the group army level, however, appear to have been punished, and more than a year passed before military region commanders and other top officers were reshuffled. The meaning of the subsequent reassignments and their timing remains uncertain. Similarly, no clear answers have emerged on:

- the extent to which the June 3-4 bloody endgame was preplanned or disorganized and subject to the "fog of war";
- the meaning of and repercussions from the letter to the central leadership signed by seven prestigious generals reportedly calling for a nonviolent solution to the impasse in the Square;
- the nature of opposition to martial law by Defense Minister Qin Jiwei and others;
- rumors that Yang was planning a purge of—or even had arrested—several top military leaders; or
- the impact of Tiananmen on the morale of PLA officers and troops and on civil-military relations.

**Deng and the elders.** The reemergence of "retired" party elders in key decisionmaking roles as a result of the "turmoil" highlights questions about their influence in the months preceding the unrest. Almost absent from public view, were they simply

waiting for a chance to pounce on Deng and his reformist subordinates? Or were they playing a major role behind the scenes? Did Deng voluntarily reincorporate them into decisionmaking in order to shift the balance of power against Zhao and legitimize his own decisions? Or did they push themselves back into the game?



Asiaweek, October 5, 1986

Deng Xiaoping

Although the elders made an initial show of unity, it was clear from the outset that at least Peng Zhen was not happy with the way decisions were reached. Later accounts suggest that Chen Yun and others may have tried to back away from the decision to use force, leaving Deng holding sole responsibility. Certainly, for a period of several months Deng appeared to have been significantly weakened vis-a-vis other elders, particularly Chen. As of mid-1990 Deng has yet to regain his full authority. (S/NF)

### "Conspiracy" or "People Power"?

The Chinese leadership has maintained that "a tiny handful of people exploited student unrest to launch a planned, organized, and premeditated political turmoil, which later developed into a counter-revolutionary rebellion in Beijing," in the words of State Councilor Chen Xitong's official report on the incident. By contrast, Western conventional wisdom—heavily influenced by the massive press cov-

erage of street protests and student hunger strikers—has tended to characterize the unrest as a spontaneous and peaceful outpouring of prodemocracy sentiment, a *cri de coeur* of the downtrodden.

Both characterizations have merit. One of the most difficult questions about the Beijing Spring is how the two strands—the planned and the spontaneous—were intertwined. Both theories oversimplify an extremely complex reality and tend to neglect the fundamental political dynamic at work in the spring of 1989—succession struggle within the leadership.

**Conspiracy theory I.** From the post-Tiananmen leadership's point of view, elements of a political conspiracy had been under way for some time and were easily demonstrable. Since at least 1986, members of the "Class of '57"—intellectuals and party members who had been branded rightists during the backlash following the short-lived "hundred flowers" movement of 1956—had been lobbying for a reversal of verdicts, in their particular cases as well as on the movement as a whole. This group included not only such prominent intellectuals as Yan Jiaqi, Su Shaozhi, Liu Binyan, and Fang Lizhi but also a number of important party figures, including former Propaganda Department director Zhu Houze.

Some of these figures, moreover, were increasingly outspoken in demanding greater pluralism in China's political system. Many were proteges of Hu Yaobang, and their efforts put them directly at odds with Deng, who had played a major role in the "anti-rightist" crackdown of 1957.

The group's tactics included holding conferences, publishing papers, sponsoring discussion groups, and airing views in such liberal newspapers as the *World Economic Herald*. Some of their activities were outside the bounds of traditional party procedures and control, and party conservatives were almost always snubbed or excluded. "Class of '57" activities were temporarily disrupted in early 1987 by the ouster of Hu and some of his supporters, including Zhu Houze, and by the short-lived campaign against "bourgeois liberalization."

Prominent intellectuals resumed the push for political change after the climate stabilized somewhat, stepping up their activities markedly in early 1989 with human rights petition drives, efforts to free

"political prisoners," and calls for constitutional reform. Within the Chinese Communist system, such pressure tactics are considered illicit and threatening to the regime, even if nonviolent; by conducting their activities largely outside party-controlled channels, the participants appeared conspiratorial.

**Conspiracy theory II.** Another conspiracy theory centers on think-tank personnel, policy advisers, and Young Turk proteges of Hu and (to a lesser extent) Zhao. Although difficult to document and track over time, the politicking of these ardently reformist advisers accelerated as a result of the heavy attacks on Zhao and the reform program in the summer of 1988. These people viewed Zhao as in deep political trouble—possibly on the way out—and the reform program as in imminent danger of being reversed. To salvage Zhao, the reforms, and (not least) their own futures, the Young Turks began to press even harder for radical reform; some may have begun more actively to abet the activities of dissident intellectuals and students.

After Tiananmen, all were officially accused of being "black hands" behind a conspiracy to make use of student and popular unrest to overthrow the leadership (and, left unsaid, to restore Zhao to preeminence and resume the program of radical reform).

Many of the people in this group belong to the "Class of '77," some of them former Red Guards who entered college in the first class admitted after the fall of the Gang of Four. As a group, they are ambitious, politically savvy, and cynical, veterans of the hardball politics of the Cultural Revolution. Some came to the US for advanced training in the first tranche of students sent abroad in the early 1980s; many are children of China's political elite.

Some of the "Class of '77" appear to have had ties to Taiwan and/or the exile association China Alliance for Democracy (CAD, or China Spring). Others were accused of being agents, or at least stooges, of the US.

Their arrogance and ambition, as much as

their activities, made them vulnerable to charges of "counterrevolutionary conspiracy."

**Conspiracy theory III.** Running parallel to, and at times intersecting with, these pseudo-conspiracies of intellectual dissidents and Young Turk policy advisers were activities that Beijing more accurately termed a "counterrevolutionary conspiracy." Since the early 1980s, exiled anti-Communist activists associated with CAD had tried to influence students returning from study abroad and to persuade them to serve as a "fifth column" to foment change. Wang Bingzhang and other officials or members of CAD had traveled or tried to travel to China during the weeks of unrest; several were deported and others were refused entry.

Further complicating the situation and giving credence to the notion of a "premeditated planned conspiracy" were:

- the connection of some of these people and organizations to Taiwan funding;
- an increase in Taiwan intelligence activity on the mainland preceding and during the unrest;
- extensive communication by activists with overseas students, including political activists with connections to antiregime organizations; and
- significant logistical, financial, and moral support for the activists from prodemocracy individuals and organizations in Hong Kong, some noted for longstanding antipathy or open opposition to the PRC.

One place where the various groups of "conspirators" intersected was the Beijing cocktail bar operated by dissident and petition organizer Chen Jun.

Chen's bar reportedly was a common meetingplace for young faculty members and graduate students from Beijing universities. These people taught, discussed political ideas with, and became mentors to student activists.

The student activists included those who set up the democracy salon at Beijing University and invited Fang Lizhi and others to speak; some of the activists.

such as Beijing University student Wang Dan, became protest leaders. These faculty members and graduate students also interacted regularly with such "dissident" intellectuals as Su Shaozhi and Fang Lizhi, as well as such Zhao advisers as Yan Jiaqi and Chen Yizi, attending their conferences and contributing papers on political subjects.

**People power.** To point to elements of conspiracy is not to deny that the vast majority of those who joined in the protests did so spontaneously, out of genuine concern over corruption and other popular issues. Indeed, the widespread nature of the protests—which eventually involved hundreds of small towns and virtually all of China's major cities—and the upsurge of anger after the bloody crackdown in Beijing highlight the pervasiveness of popular resentment and the willingness of the people to challenge authority even after it manifestly was no longer approved to do so. (S/NF)

### **The Book on Tiananmen—Too Heavy To Close?**

To date, no charges have been filed publicly against any of the central figures who remain in China from the variously identified "conspiratorial" groups. To document a conspiracy that reaches to the highest levels of the party could raise the specter of Cultural Revolution politics that Deng and his colleagues have spent the past decade trying to inter. To do so would

further deepen public cynicism and alienate foreign observers and actors.

The failure to prove a conspiracy, however, casts into doubt the official line maintained since the April 26 *People's Daily* editorial and underscored on June 9, 1989, by Deng in his remarks to the martial law command. To admit implicitly or explicitly that there was no criminal conspiracy would shine the spotlight back on Zhao and his allies, something Deng has fought to avoid. Moreover, if last year's struggle turns out to have been merely another interregnum power play, the leadership's rationale for use of deadly force against unarmed citizens would be severely undercut.

Recent evidence suggests that Deng and his supporters are trying to close the book on the Tiananmen incident in order to resume drafting a five-year plan for economic development and reform, engineer key personnel changes, and regain foreign favor, investment, and loans. The book is too heavy to close, however. Even if Beijing succeeds in turning the page on Tiananmen, the verdict will neither please critics at home or abroad nor prove durable.

Deng will not overtly repudiate the leadership's actions of last June; at best, he will seek to finesse key issues by ignoring them, papering them over, or shifting the focus of attention. A politically viable verdict on Tiananmen will have to await Deng's death and a new generation of leaders. (S/NF)

## **Reevaluating Relations**

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More than a year after Tiananmen, Beijing is only now fully realizing that airing a domestic conflict via modern media to the global village exacts a high toll on foreign relations—in China's case, not only with the West but also with socialist and Third World countries. The crisis and its aftermath have called into serious question the assumptions prevalent both in Beijing and elsewhere about China's international importance, particularly its economic and political value to the West. (S)

Arguably, China suffered greater damage than other countries that have been similarly repressive:

Its reputation fell from a greater height, fed by rosy expectations based on a decade of reform and opening—and its fall was aired on international television. Millions of foreigners watched China's political upheaval, first with hope, then with horror. (S)

### **Tenacious Sanctions**

Deng Xiaoping recommended a policy of "internal restriction, external relaxation" as the most effective way of countering the adverse Western reaction to Tiananmen. He was relying on Western—



particularly US—"need" for China in the strategic balance, plus "greed" for China's considerable economic potential, to soften support for sanctions and restore China to the West's good graces.

Sanctions have retained their vitality, however, well beyond the expectations of those—in both China and the West—who estimated they would last only a few months. A combination of widespread public displeasure with China and a shift in world attention to the former Communist regimes of Eastern Europe

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*"It will be difficult for China to exert the same degree of influence it enjoyed during the 1980s in an environment in which economic competitiveness and human rights have joined—if not replaced—strategic realpolitik as determinants of foreign policy."*

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has enabled sanctions to survive. Even if they were lifted entirely, China no longer would be the darling of the socialist world or a particularly attractive investment opportunity in the developing world. (S)

### Crumbling Strategic Role

In addition to their loss of confidence in China's political and economic predictability, attentive Western publics generally are questioning the need for China as a strategic balance to the USSR, at least so long as Gorbachev or like-minded reformers are in power. After Tiananmen, hardliner Yao Yilin is said to have argued that China should shift its economic attention to the socialist regimes in the USSR and Eastern Europe to avoid Western attempts to browbeat or bribe China into embracing capitalism. The rapid downfall of communism, however, particularly the violent overthrow of China's old friend Ceausescu in Romania and growing doubt about one-party rule in the USSR, meant that China no longer could look to the mainstream socialist countries for support.

China's decision to proceed with Li Peng's Moscow visit in April indicated that Deng and other

leaders, although upset with Gorbachev's reforms and his "abandonment" of Eastern Europe, decided against using ideology as a driving force for foreign relations, because it would only exacerbate China's estrangement from both East and West. (S)

### Third World Not Immune

Beijing also was depending on Third World countries to help counter Western pressure after Tiananmen. The weakness of this policy was revealed as early as August 1989 when the UN Human Rights Commission—with the support of some developing countries—adopted a resolution criticizing Chinese violations of human rights. Despite a flurry of visits to and from several Third World countries, China has little to show for its efforts; for example, President Yang Shangkun's hosts during his May visit to Latin America greeted him politely but unenthusiastically. China's attempt to become more active in the Middle East has yet to increase its influence either in the region or beyond.

Taiwan's small but significant diplomatic gains at the expense of the PRC also reveal the extent of the damage to Beijing's prestige in the developing world, only partly offset by the establishment of ties with Indonesia and Saudi Arabia. (S)

### Tremors Followed by a Quake

The strategic rationale for US-China relations in the US-USSR-PRC triangle had started slipping before Tiananmen. Beijing nonetheless remained complacent about its perceived centrality to international affairs by shifting the explanation from triangular politics toward China's economic potential. Beijing's intransigence on human rights and its shying away from market-oriented reforms, however, have suffered by comparison with the largely peaceful transitions under way in Eastern Europe and even the USSR.

On the economic side, foreign investors are taking a harder look at the costs of doing business in China; some of the investment that might have been destined for China before Tiananmen is going to other Asian countries, and Western Europe is reorienting toward opportunities closer to home. Japan is willing to play up to Beijing politically by renewing long-term aid, but Japanese enthusiasm for the

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Chinese market has cooled, at least for the short to medium term.

Beijing has not faced realistically its prospects for the 1990s in a fundamentally different and more complicated world. It will be difficult for China to exert the same degree of influence it enjoyed during the 1980s in an environment in which economic com-

petitiveness and human rights have joined—if not replaced—strategic realpolitik as determinants of foreign policy. (S)

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